GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:6169
ANSWERED ON:27.04.2001
INDEX OF INDUSTRIAL PRODUCTION
UMMAREDDY VENKATESWARLU

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the Government have revised the latest index of industrial production growth rates downwards for the year 2000-2001;

(b) if so, the details thereof; (

(c) the reasons for the downtrend in industrial production;

(d) the specific plan of the Government to boost the industrial production in the next year;

(e) whether the negative industrial policies of the Government are the main causes of this downward trend in industrial production; and

(f) if so, the steps proposed to review such policies?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. RAMAN SINGH)

(a) to (f): A statement is enclosed.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA UNSTARRED QUESTION NO. 6169 FOR 27.04.2001

(a) & (b): No, sir .The Government has not done downward revision of the Index of Industrial Production for the year 2000-01.

(c) : The slowdown in the industrial production has been mainly due to
(i) Slackening in aggregate demand
(ii) Persistence of infrastructure bottlenecks,
(iii) Inadequacy of funds due to continuing sluggishness in capital markets,
(iv) Slow down in general investment climate ,
(v) Poor performance of Capital and Intermediate goods sectors, and
(vi) Economic recession in U.S economy .

(d) : The Government has initiated inter-alia, the following steps to improve efficiency and boost industrial growth:

Â§ Basic custom duty in case of raw materials and intermediate goods has been reduced.
Â§ Excise duty has been rationalized, with one rate of Cenvat and one rate of SED.
Â§ Budgetary provisions under Technology Upgradation Fund Scheme (TUFS) have been raised to speed up the modernization of textile.
Â§ Interest rate on small savings has been reduced.
Â§ RBI has reduced Cash Reserve Ratio and Bank Rate to increase liquidity and reduce the lending cost.
Â§ In the new EXIM policy, care has been taken to ensure level playing field to domestic producers vis-a-vis imports.
Â§ Proposals have also been made for suitable legislative changes to improve the operating environment for industry.

(e) : No, sir.

(f) : Does not arise.